

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF EIDEN) APPEAL NO. 07-A-2635
PROPERTIES, LP from the decision of the Board of) FINAL DECISION
Equalization of Valley County for tax year 2007.) AND ORDER
)

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing February 12, 2008, in Cascade, Idaho before Hearing Officer Steven Wallace. Board Members Lyle R. Cobbs, David E. Kinghorn and Linda S. Pike participated in this decision. Owner Max Eiden appeared for Appellant Eiden Properties, LP. Assessor Karen Campbell and Chief Deputy Assessor Deedee Gossi appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. RPM00000087962A.

The issue on appeal is the market value of a residential property.

The decision of the Valley County Board of Equalization is modified.

FINDINGS OF FACT

The assessed land value is \$986,080, and the improvements' valuation is \$61,640, totaling \$1,047,720. Appellant requests the land value be reduced to \$687,500, and the improvements' carry no value, totaling \$687,500.

The subject property is a 10,018 square foot lot fronting on Payette Lake that is improved with a cabin built about 1930. The lot's effective lake frontage is 50 feet. County records indicate the cabin has a total finished area of 2,354 square feet. The Assessor rated the improvements as low grade and in poor condition.

In 2006 Appellant made the difficult decision to tear down the old family cabin and build a new one. Part of the wall and foundation system was failing, causing the roof structure to also

collapse downward. Family members had safety concerns about staying in the cabin. Also in 2006, the family had an architect start plans for a new residence. After using the cabin in the summer of 2006, personal property was removed and the power supply was fully disconnected. At the time, the City of McCall had a building moratorium in place. The moratorium kept Appellant from submitting plans for the new home and securing a building permit, and delayed the decision to obtain a demolition permit for the old cabin.

In mid-2007 the permits were eventually secured and the new home builder oversaw demolition of the old cabin. Prior to demolition, Appellant had a salvage sale and sold some materials and fixtures from the old cabin. There was no residential use of the cabin in 2007. The family stayed instead at the nearby Bungalows. There was no substantial use of the cabin at all in 2007, except perhaps for a short while as a security measure pending issuance of a building permit for the new structure.

Appellant's negative value for the improvements was based on the estimated cost to demolish and remove the cabin. The County maintained it has recognized the cabin's disrepair by the condition and grade ratings and the associated depreciation allowed in the cost approach to value. The Assessor conceded an old lakefront cabin like subject's would most likely ("always") be torn down and replaced following a property sale on or near the 2007 assessment date.

Appellant presented no comparable sales analysis or other value evidence relating to the land value claim. It was noted the highway use at subject's street frontage was a significant nuisance. Respondent presented a number of lakefront sales in support of the land assessment. The County maintained the 2007 assessment must reflect the property's market value as of January 1, 2007.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

In 2006, the family associated with subject's ownership reached the difficult decision to tear down their historic family cabin and moved forward with constructing a replacement. Also that year, the power supply to the old cabin was disconnected and personal effects were removed, plus the new house plans were commissioned.

On the assessment date, January 1, 2007, the old cabin improvements were still present. Idaho Code § 63-205(1). The County maintained it allowed appropriate depreciation for the deteriorated condition and that the assessed value for the cabin approximates a storage value. In 2007, the cabin was not re-occupied and at the first reasonable opportunity was demolished and removed. There was a minimal storage use and perhaps security benefit enjoyed in 2007. Apparently there were also minimal salvage sales. Importantly however, the Board finds the anticipated demolition costs associated with the imminent tear-down would offset any interim value benefits. The cabin was present on the assessment date, however its contributory value to the total parcel was at best negligible or zero. The value of future benefits associated with the subject parcel is found to be in the land component.

In reviewing the County's depreciation allowance and resulting value of the residential improvements we find an instance of over-valuation. The Assessor's discounts were significant, however not enough. Finding as we do the likelihood of an almost immediate tear-down scenario, and factoring in the demolition and waste removal costs, the Board holds the subject

residence contributes no positive value to the overall property's market value. We are persuaded that on the 2007 assessment date, the cabin had passed the point of providing reasonable residential accommodations. Remaining value was minimal and clearly offset by anticipated removal costs. The cost of demolition and removal would be considered by a prudent buyer and seller in setting or negotiating a sale price. The Board holds the decision of the Valley County Board of Equalization should be modified to reflect a reduction in the improvements' value to zero. Appellant has not supported a reduction in land value and none will be ordered. Idaho Code § 63-511(4).

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in the improvements' value to zero (\$0.00). There is no ordered change to the land value. Thus the total 2007 parcel assessment is fixed at \$986,080.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED FEBRUARY 27, 2008